

IAR'S INLAND EMPIRE REPORT ON BUSINESS
Prepared by: The Institute of Applied Research

**Housed in CSUSB's Jack H. Brown
College of Business and Public Administration**

Report for November 2025

Key Summary of the Report:

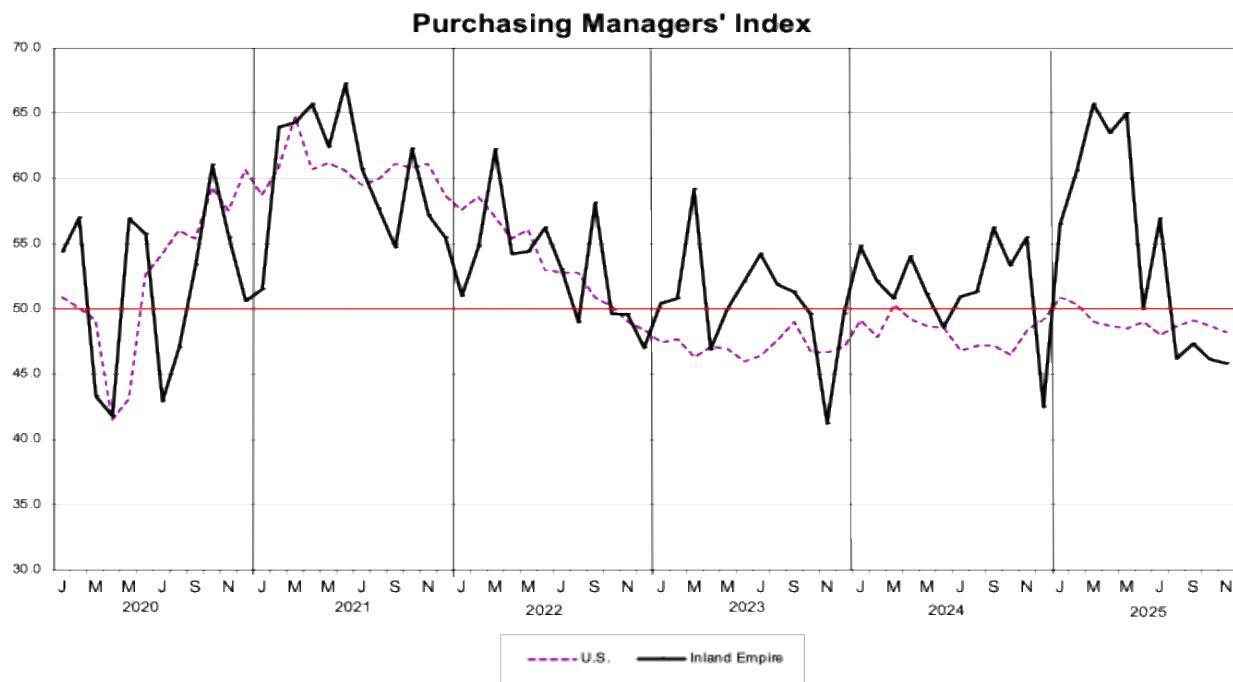
The November 2025 report points to continued contraction in the Inland Empire manufacturing sector. Most indicators declined further, but the employment index continued to show growth, and input-cost pressure continues to be eased.

- **PMI:** Declined slightly to 46.1, remaining in contraction and below the national level.
- **New Orders:** Fell 19% to 38.5, contraction is accelerated.
- **Production:** Declined 12% to 41.7, contraction is accelerated.
- **Employment:** Rose to 53.7, signaling faster expansion.
- **Commodity Prices:** Declined to 53.9, indicating slower growth in input-cost pressures.
- **Economic Sentiment:** Stabilized, with the majority expecting no change in overall economic conditions.

PMI

According to Dr. Anna Long and Dr. Peiyi Jia of the Institute of Applied Research (IAR), the Inland Empire **Purchasing Managers' Index (PMI)** edged down to **45.8** in November 2025, a slight decline of about 1% from October's reading of 46.1.

November marks the fourth consecutive month of contraction and the fourth month in which the regional PMI remained below the national level, indicating a continued softening trend in regional manufacturing activity.



Source of U.S. PMI®: Institute for Supply Management®, Source of IE PMI®: Institute of Applied Research

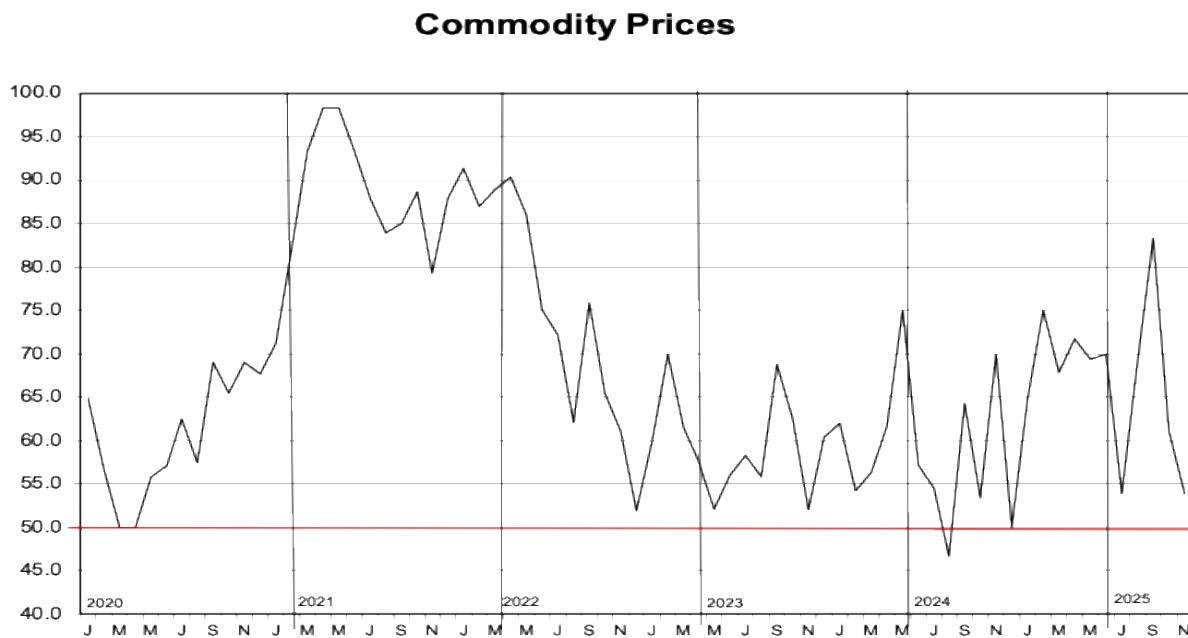
The **Production Index** for November 2025 fell 12% to 41.7, down from 47.2 in October, signaling an accelerated decline in regional production activity. However, part of this downturn may reflect typical seasonal patterns associated with the holiday period.



The New Orders Index for November 2025 decreased 19% to 38.5, down from 47.2 in October, indicating an accelerated decline in demand. This reading is slightly lower than the level recorded in the same month one year ago, but slightly higher than the level from two years ago.



The **Commodity Price Index** for November 2025 drop significantly to **53.9** from 61.1 in October. Although this marks the 15th consecutive month above 50, the steep decline indicates easing cost pressures.

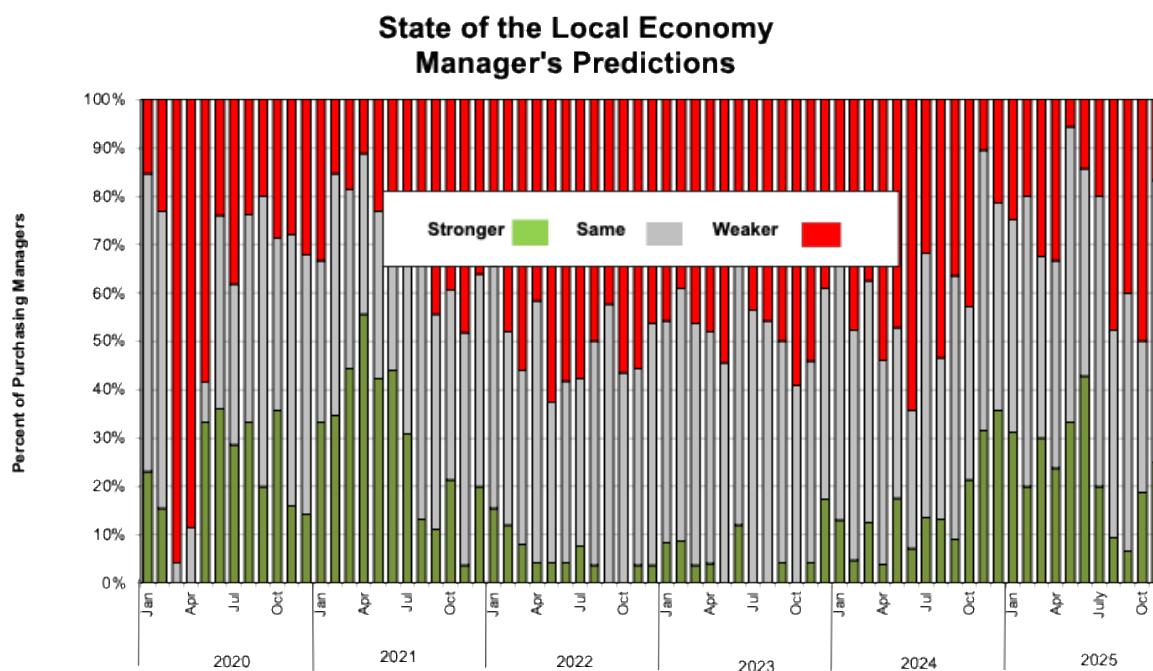


In November 2025, the **Employment Index** grew 12% from 52.8 in October to **57.7**, indicating continued accelerated growth after moving into expansion in September.

The **Supplier Deliveries Index** for November 2025 fell slightly to **50.0** from 52.8 in October. A reading at 50 indicates unchanged condition, this result suggests that supply chain conditions have been unchanged since last month.

The **Overall inventory** level for November 2025 increased 38% to **42.3** from 30.6 in October. Indicating that the overall inventory level is decreasing but at a slower rate compared to last month.

Panelists were asked to forecast the state of the local economy over the next three months. **58.3%** of the panelists believe the economy will remain unchanged. Meanwhile, **25.0%** expect it to strengthen, while another **16.7%** anticipate a weaker economy. Compared with prior months, these views show greater divergence, suggesting an increasingly uncertain outlook.



Following is a summary of the figures shown in this month's report:

November 2025 Business Survey at a Glance					
	Series Index		Direction from 50	Rate of Change from Last Index	Trend Months
	Last Month	This Month			
Local PMI	46.1	45.8	Contracting	Faster	4
Commodity Prices	61.1	53.9	Increasing	Slower	15
Production	47.2	41.7	Contracting	Faster	4
New Orders	47.2	38.5	Contracting	Faster	4
Inventory	30.6	42.3	Decreasing	Slower	2
Employment	52.8	57.7	Growing	Faster	3
Supplier Deliveries	52.8	50.0	Unchanged	From Decreasing	6

Purchasing Managers' Confidence in the State of the Local Economy					
% Stronger	18.80%	25.00%			
% Same	31.30%	58.30%			
% Weaker	50.00%	16.70%			

Finally, our survey always includes an overall question asking the panelists to offer general remarks regarding any business condition (local, national, or international) that affects the purchasing operation or the outlook of their company or industry. This section yielded diverse insights, with responses reflecting optimism or concerns.

Some expresses stability and optimistic outlook for the future:

“Defense and space markets are still moving very strong for us.”

“We are driven by the special requirements of our customers, and their requirements are often determined by the ebb and flow of the general economy. Having said that, the reduction of interest rates, and the anticipation of further reduction in December, have opened up the economy to a degree and we are anticipating significant sales for the coming year. We are strategically planning for plant layout, equipment purchases and personnel increases in order to meet that anticipated growth.”

Many expressed uncertainty and concerns:

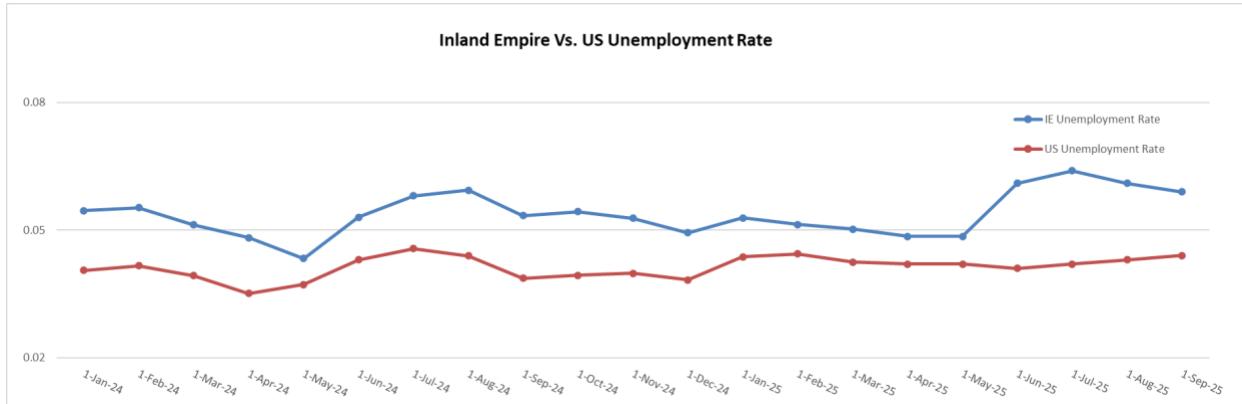
“Sales orders are slowing and when existing accounts order the value of the orders are much reduced.”

“Slowed down for 4th quarter”.

“Things have been up and down with orders lately. We were below our monthly averages last month, and hoping to get a surge before the end of the year.

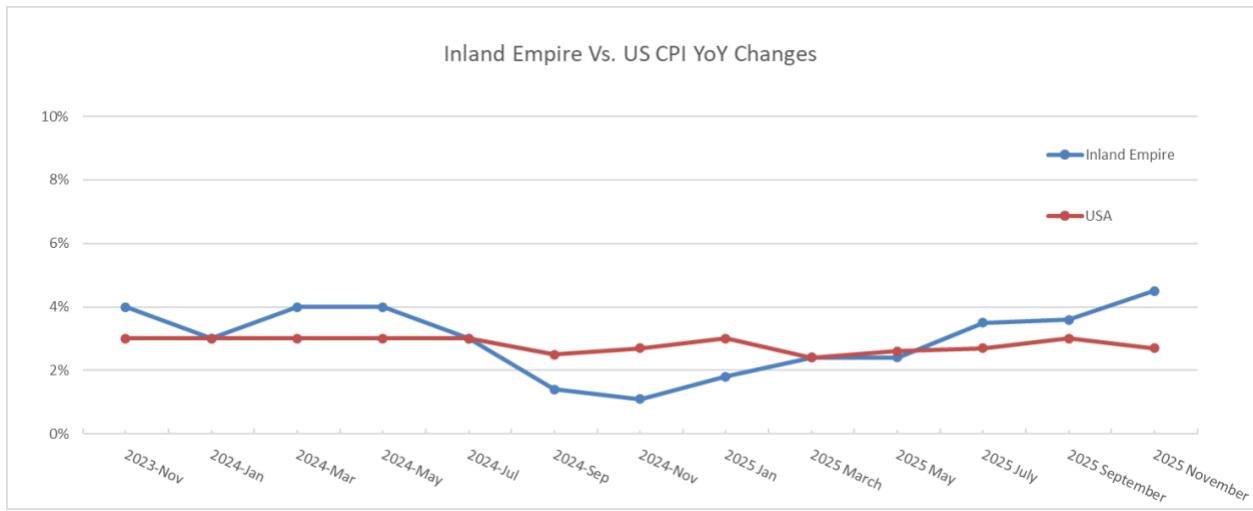
“We are seeing our typical slowdown starting a bit earlier this year.”

Economic Context: Unemployment Rate



Over the most recent three months shown (July through September 2025), Inland Empire unemployment remained meaningfully higher than the national rate, but softened slightly after a midsummer spike: the Inland Empire rate peaked in July (mid-6% range), eased in August, and edged down again in September, while the U.S. unemployment rate stayed in the low-4% range and drifted up modestly across the same period. As a result, the gap between Inland Empire and U.S. unemployment narrowed a bit from July to September but remained substantial. Note that October data were not collected due to the federal government shutdown, creating a break in the monthly series.

Economic Context: CPI – Inflation



The CPI inflation in the Inland Empire accelerated while the national trend stayed comparatively steady: the Inland Empire moved from the mid-3% range in July to a slightly higher pace in September, then rose more sharply by November (mid-4% range), whereas the U.S. rate hovered in the upper-2% to low-3% range, ticking up around September and easing again by November. Note that October CPI data were

not collected due to the federal government shutdown, so there is a break in the monthly series and the next available comparison spans across that gap.

National and Regional PMI Comparison

PMI Components	Regional Trend	National Trend
Manufacturing PMI	Contracting	Contracting
Production	Contracting	Growing
New Orders	Contracting	Contracting
Inventory	Decreasing	Contracting
Employment	Growing	Contracting
Supplier Deliveries	Unchanged	Faster

In November, both the Inland Empire and the U.S. remained in overall contraction (PMI contracting), and new orders were also contracting in both—so demand weakness is broadly shared. The key contrasts show up in the supply-and-labor dynamics: the region's production is contracting while national production is growing, suggesting Inland Empire output is lagging even as the broader U.S. manufacturing base shows pockets of expansion. At the same time, regional employment is growing while national employment is contracting, indicating Inland Empire manufacturers are holding onto or adding labor despite softer activity, whereas firms nationally are pulling back on hiring. Inventory signals also diverge in wording: the region shows inventories decreasing, while the national trend is reported as contracting—both point to inventory drawdowns, but the regional read suggests a clearer reduction. Finally, supplier deliveries are unchanged locally but faster nationally, implying fewer supply chain constraints at the national level, while the region is relatively stable on delivery times.

Researcher's Opinion: Demand Down, Labor Steady, Tech Readiness Matters

The November report confirms that the region's manufacturing contraction has deepened since early fall. The PMI slipped further to 45.8, and both new orders and production declined sharply (down 19% and 12%, respectively), indicating that weakness in demand is translating into a more pronounced slowdown in overall activity. In short, what started as a cooling trend has now become more entrenched, with the data signaling broader softening across the regional manufacturing base.

At the same time, November presents a meaningful counter-signal: labor resilience. The Employment Index surged to 57.7, suggesting that many manufacturers are retaining or adding workers despite weaker orders, which may reflect strategic staffing decisions, expectations for improved conditions in 2026, or continued strength in segments such as defense and aerospace. Easing commodity prices also provide some relief on the cost side, offering more operational breathing room than firms faced earlier in the fall.

Seasonality matters as well. The holiday period has historically been slower for manufacturers due to year-end breaks and paused purchasing cycles, which can temporarily dampen orders and production. In that context, the current employment stability and reduced turnover are especially valuable, helping firms maintain continuity, preserve know-how on the shop floor, and stay positioned to respond quickly when demand normalizes. Looking ahead, we also want to highlight the accelerating technology transformation underway across manufacturing. Larger firms are making rapid progress in automation, digital workflows, and advanced manufacturing capabilities. For small and mid-sized manufacturers, the message is to stay proactive: keep your technology mindset current, remain open to adopting new tools and processes, and increase the frequency of conversations with universities and federal labs, which continue to serve as hubs of innovation, talent, and commercialization pathways.

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References are available upon request.